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SENATE BILL 492

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

John Arthur Smith

AN ACT

RELATING TO TAXATION; PROVIDING A GROSS RECEIPTS TAX DEDUCTION FOR RECEIPTS OF A TRADE-SUPPORT COMPANY LOCATED WITHIN TWENTY MILES OF A PORT OF ENTRY ON NEW MEXICO'S BORDER WITH MEXICO.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

" NEW MATERIAL DEDUCTION--GROSS RECEIPTS--TRADE-SUPPORT COMPANY IN A BORDER ZONE. --

A. The receipts of a trade-support company may be deducted from gross receipts if:

(1) the trade-support company first locates in New Mexico within twenty miles of a port of entry on New Mexico's border with Mexico on or after July 1, 2003 but before July 1, 2008;

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1 (2) the receipts are received by the company
2 within a five-year period beginning on the date the trade-
3 support company locates in New Mexico and the receipts are
4 derived from its business activities and operations at its
5 border zone location; and

6 (3) the trade-support company employs at least
7 two employees in New Mexico.

8 B. As used in this section:

9 (1) "employee" means an individual, other than
10 an individual who:

11 (a) bears any of the relationships
12 described in Paragraphs (1) through (8) of 26 U. S. C. Section
13 152(a) to the employer or, if the employer is a corporation, to
14 an individual who owns, directly or indirectly, more than fifty
15 percent in value of the outstanding stock of the corporation
16 or, if the employer is an entity other than a corporation, to
17 an individual who owns, directly or indirectly, more than fifty
18 percent of the capital and profits interests in the entity;

19 (b) if the employer is an estate or
20 trust, is a grantor, beneficiary or fiduciary of the estate or
21 trust or is an individual who bears any of the relationships
22 described in Paragraphs (1) through (8) of 26 U. S. C. Section
23 152(a) to a grantor, beneficiary or fiduciary of the estate or
24 trust; or

25 (c) is a dependent, as that term is

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1 described in 26 U. S. C. Section 152(a)(9), of the employer, or,
2 if the taxpayer is a corporation, of an individual who owns,
3 directly or indirectly, more than fifty percent in value of the
4 outstanding stock of the corporation or, if the employer is an
5 entity other than a corporation, an individual who owns,
6 directly or indirectly, more than fifty percent of the capital
7 and profits interests in the entity or, if the employer is an
8 estate or trust, of a grantor, beneficiary or fiduciary of the
9 estate or trust;

10 (2) "port of entry" means an international
11 port of entry in New Mexico at which customs services are
12 provided by the United States customs service; and

13 (3) "trade-support company" means a customs
14 brokerage firm, a freight forwarder, a third-party logistics
15 firm, a trucking cross-dock operation where merchandise is
16 aggregated, broken down and shipped to a destination outside of
17 the state or other similar firm or operation. "

18 Section 2. EFFECTIVE DATE. --The effective date of the
19 provisions of this act is July 1, 2003.